

# FISCAL NOTE

**Bill #:** HB0086

**Title:** Rental vehicle tax

**Primary Sponsor:** Harris, C

**Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$429,463	\$78,196
<b>Revenue:</b>		
State Special Revenue	\$2,474,000	\$3,401,000
<b>Net Impact on General Fund Balance:</b>	(\$429,463)	(\$78,196)

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|--|--|
| <input type="checkbox"/> Significant Local Gov. Impact<br><input type="checkbox"/> Included in the Executive Budget<br><input checked="" type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Technical Concerns<br><input type="checkbox"/> Significant Long-Term Impacts<br><input checked="" type="checkbox"/> Needs to be included in HB 2 |
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## Fiscal Analysis

### ASSUMPTIONS:

- Beginning October 1, 2003, this bill would enact an 8% tax on the “rental base price” exclusive of insurance and fuel charges, for rental vehicles, except for insurance loaners. The tax is on the rental of cars, vans, SUVs, trucks under one ton, motorcycles, motor driven cycles, recreational vehicles, quadracycles, motorboats, sailboats, snowmobiles, off-highway vehicles and aircraft. Rental vehicle owners would retain 5% of collections as an administrative allowance. All receipts would be deposited in a new “dollars for education” special revenue account. The tax would be remitted quarterly within 30 days following the end of each calendar quarter.
- In fiscal 2004, the tax would be in effect for three quarters. Taxable rental receipts are projected to be \$32.555 million. Collections are projected to be \$2.474 million (95% x 8% x \$32.555 million).
- In fiscal 2005, taxable rental receipts are projected to be \$44.752 million. Collections are projected to be \$3.401 million (95% x 8% x \$44.752 million).
- The Department of Revenue would need to develop a new computer system to administer the rental vehicle tax and would require an additional 0.25 FTE for compliance work. The cost of developing the new computer system would be \$412,421 in fiscal 2004, and ongoing maintenance costs would be \$66,982 in fiscal 2005. The cost of the additional 0.25 FTE and associated equipment would be \$17,042 in fiscal 2004 and \$11,214 in fiscal 2005. The total additional cost to the department would be \$429,463 in fiscal 2004 (\$412,421 + \$17,042) and \$78,196 in fiscal 2005 (\$66,982+\$11,214).

**Fiscal Note Request HB0086, As Introduced**  
(continued)

FISCAL IMPACT:

	<u>FY 2004 Difference</u>	<u>FY 2005 Difference</u>
FTE		
<u>Expenditures:</u>		
Personal Services	\$278,982	\$8,235
Operating Expenses	\$133,557	\$69,961
Equipment	<u>\$16,924</u>	<u>\$0</u>
TOTAL	\$429,463	\$78,196
<u>Funding of Expenditures:</u>		
General Fund (01)	\$429,463	\$78,196
<u>Revenues:</u>		
State Special Revenue (02)		
Dollars for Education	\$2,474,000	\$3,401,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$429,463)	(\$78,196)
State Special Revenue (02)		
Dollars for Education	\$2,474,000	\$3,401,000

TECHNICAL NOTES:

1. Section 3 imposes a tax on the rental base price of a rental vehicle. The term “rental base price” is not defined.
2. Section 3 requires rental vehicle owners to report gross receipts for a quarter, but does not require them to report the amount of tax collected or due
3. Department of Revenue computer system costs were estimated without the use of ITSD / CIO recommended project methodology.
4. The information technology project required to implement this legislation would require the review and approval of the Chief information Officer as provided for in 2-17-512, MCA.
5. There is no appropriation of the “dollars for education” funds.